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RECEIVED

MAR 02 2004

PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT MAIL

March 1, 2004

Thomas M. Dorman, Esq.
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2003-00434

Dear Mr. Dorman:

Please find enclosed the original and twelve copies of the Second Set of Data Requests of Kentucky Industrial Utility Customers, Inc. to Kentucky Utilities Company filed in the above-referenced matter.

By copy of this letter, all parties listed on the attached Certificate of Service been served. Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.
BOEHM, KURTZ & LOWRY

MLKkew
Attachment
cc:

Certificate of Service
Richard Raff, Esq.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by regular U.S. mail (unless otherwise noted) to all parties on the 1st day of March, 2004.

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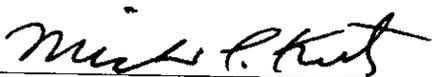
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Michael L. Kurtz, Esq.

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of Adjustment of Electric Rates of
Kentucky Utilities Company

:
:

Case No. 2003-00434

**SECOND SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. to
KENTUCKY UTILITY COMPANY**

Dated: March 1, 2004

DEFINITIONS

1. "Document" means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.
2. "Study" means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.
3. "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company's possession or subject to its control, state what disposition was made of it.
6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
7. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
8. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.
9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
10. "You" or "your" means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, "you" or "your" may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness' testimony.
12. "KU" means Kentucky Utilities Company, and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed.

INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total company as well as Intrastate data, unless otherwise requested.

KIUC's SECOND SET OF DATA REQUESTS TO KU
PSC CASE NO. 2003-00434

- Q1. Please provide a copy of all intercompany agreements between LG&E and KU.
- Q2. Please describe how power purchases from one Company by the other are reflected in the purchasing Company's FAC filings. Identify and describe all adjustments that are made to the actual purchase cost to determine the recoverable amount, if any.
- Q3. Please describe how power sales from one Company to the other are reflected in the selling Company's FAC filings. Identify and describe all adjustments that are made to the actual sales revenues to determine the net margin credits reflected in the recoverable amount, if any. Identify and describe all adjustments that are made to the reflect the actual cost of the sale to determine the net margin credits reflected in the recoverable amount, if any.
- Q4. Refer to the Company's response to KIUC 1-55 and the reference to the AUS depreciation study. Page 1-6 of that study states "The incorporation of the mandated pollution control (NOX Projects) cost is consistent with the inclusion of cost estimates for such expenditures into the present depreciation rates." Identify when the Company first included such interim additions in its depreciation rates and the Case No. in which the Commission approved such rates. Indicate also whether the issue of interim additions and/or the projected level of such interim additions were disputed issues in that or any subsequent proceeding.
- Q5. Refer to the Company's response to KIUC 1-56. Please provide a copy of the Company's most recent depreciation study and the depreciation rates in effect prior to the "present rates." Please identify the Case No. in which these depreciation rates were approved.
- Q6. Please provide the amount of O&M expense incurred for Pineville in the test year.
- Q7. Please provide the amount of depreciation expense incurred for Pineville in the test year.
- Q8. Please provide the amount of taxes other than income taxes expense incurred for Pineville in the test year.
- Q9. Refer to Rives Exhibit 1 Reference Schedule 1.33. Please provide the amount of depreciation expense and taxes other than income taxes expense incurred for Green River in the test year not otherwise removed from the revenue requirement in the Company's filing. To the extent these amounts have been removed elsewhere in the Company's filing, please identify where.
- Q10. Please provide the amount of O&M expense, depreciation expense, and taxes other than income taxes expense incurred for each unit retired during the test year other than Green River 1 and 2 and Pineville.
- Q11. Identify all generating units other than Green River 1 and 2 and Pineville that were retired during the test year or subsequent to the test year. Provide the date at which each unit was removed from service.
- Q12. For each unit identified in response to the preceding question, please provide the amount of O&M expense, depreciation expense, and taxes other than income taxes expense incurred during the test year.

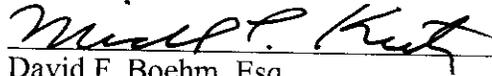
- Q13. Refer to the Company's response to KIUC 1-68 wherein it stated that "Steam maintenance increased approximately \$11.0 million due to a larger number of Ghent Station unit outages experienced in the test year, combined with EW Brown Station increased outage and generator repair costs." Please provide the Ghent Station maintenance expense for each calendar year 1999-2003 and for the twelve months ending September 30 for each of those years. If available, provide this information by FERC account.
- Q14. Refer to the Company's responses to PSC 1-13 page 1 of 9 and to KIUC 1-71 page 2 of 14. Please describe the costs included in Account 163006 and how the amounts were derived.
- Q15. Refer to the Company's response to PSC 1-13 page 2 of 9 and KIUC 1-71 page 4 of 14. Please describe the costs included in Account 186020 OMU Emission Allowance Inventory at September 30, 2003 compared to \$0 at September 30, 2002 and how the amounts were derived.
- Q16. Refer to the Company's response to PSC 1-13 page 2 of 9. Please describe the costs included in Accounts 186071, 186072, and 186073 KU Long-Term Der Asset (FAS 133) Swap Maturities and how the amounts were derived. In addition, please indicate whether, and if so how, these deferred amounts are netted against or otherwise included in the capitalization amounts and component costs reflected in the Company's requested return.
- Q17. Refer to the Company's response to KIUC 1-73. Please provide the complete Mercer study requested. The response to PSC 2-16(e) does not appear to be the complete study. In addition, the column headings are illegible.
- Q18. Refer to the Company's response to KIUC 1-73. Please provide the complete Mercer study requested for the previous year. The response to PSC 2-16(e) does not provide any information for the previous year.
- Q19. Refer to the company's response to KIUC 1-74. Please confirm that the Company does not have a more recent actuarial study for pensions and other post retirement benefits costs than the Mercer study relied on for Schedule 1.13 of Rives Exhibit 1.
- Q20. Please provide the journal entries by month from December 2002 through December 2003 for the Company's minimum pension funding requirement recognized in OCI for purposes of the common equity outstanding at the end of each of those months. Also provide the supporting documentation relied on for the journal entries.
- Q21. Refer to page 6 lines 9-10 of Ms. Scott's testimony. Please explain why the Company has only four years of storm damage information available.
- Q22. Refer to Schedule 1.30 of Rives Exhibit 1. Please provide the workpapers and all supporting documentation for the NOx compliance expenditures pursuant to the OMU contract.
- Q23. Please provide by month during the test year the purchased power costs not recoverable through the FAC and included in the base revenue requirement. Provide all supporting documentation.
- Q24. Please provide by month during the test year the off-system sales revenue and related costs not reflected as a net credit in the FAC and included in the base revenue requirement. Provide all supporting documentation.

- Q25. Did the Company prepare any other class cost of service studies (whether or not ultimately used by the Company for any purpose), beyond the BIP study presented in its filing? If so, please identify the type of study prepared, list the differences between such study and the BIP study filed in this case and provide a copy of the study, including all supporting workpapers.
- Q26. Did the Company consider, but not prepare, any other class cost of service study beyond the BIP study filed in this case? If so, please identify the type of study and list the differences between such study and the BIP study filed in this case.
- Q27. Please provide a description of the class cost of service study filed by KU with the Commission in each of its last two base rate cases. Identify the methodology used to functionalize, allocate and classify production, transmission and distribution plant and expenses.
- Q28. With regard to KU's response to data request KIUC 110, please confirm that each current facilities lease between KU and a customer is based on a 28% factor applied to original installed cost. If not, please describe the cost basis for each such lease and reconcile the response to the response to KIUC 110.
- Q29. Please provide the actual monthly NAS billing demands during the test year, not adjusted by any contract minimum provisions. Also provide similar monthly data based on the proposed NCL rate using 5 minute billing demands.
- Q30. Please provide for each cost of service rate class, monthly 12 CP kW demand data for the test year (i.e., each rate class or special contract that is separately included and analyzed in the Company's cost of service model, whether presented as a separate class or not in the Company's filing; for example, Westvaco and NAS separately, rather than as a "Special Contract" class). This data should be provided in the same format as shown in the Company's workpapers that support the summer and winter CP data.
- Q31. For each of the following riders, please provide the total dollar amount paid by retail customers pursuant to the rider for the test year and the amount the Company estimates will be paid by such customers pursuant to the Company's proposed tariffs associated with each such rider. Please provide the actual dollar amounts, rather than referring to a workpaper or schedule. For each such dollar amount provided, then provide a reference to the supporting workpaper or schedule underlying the value.
- a. Redundant capacity rider
 - b. curtailable service rider
 - c. excess facilities rider
 - d. intermittent and fluctuating loads rider
- Q32. For each of the CT units included in the PROSYM production cost output for 2004, provided in response to KIUC Question 33, page 1 of 3, please provide the following information for the test year ending September 30, 2003:
- a. gross plant in service
 - b. accumulated depreciation
 - c. ADIT (if not available by unit, please provide: 1) the tax accelerated depreciation from the in-service date for the unit through September 30, 2003 and 2) the tax straight-line depreciation for the unit from the in-service date of the unit through September 30, 2003.
 - d. O&M expenses

- e. book depreciation expense
- f. property taxes

In the event that a unit shown for 2004 was not in-service for the entire test-year, please indicate the number of months during the test year that the unit was in-service. In the event that a unit shown for 2004 was not in-service at all for the test year, please provide the requested information on a projected basis for 2004.

Respectfully submitted,



David F. Boehm, Esq.

Michael L. Kurtz, Esq.

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**COUNSEL FOR KENTUCKY INDUSTRIAL
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March 1, 2004